

A Brief Description of Work Agenda and Institutional Framework of Brazilian Independent Fiscal Institution (IFI)

First of all, we would like to profoundly thanks Lisa Vontrapp for all efforts and support in order to make our visit to PBO viable. Unfortunately, we were not able to manage all the workflow process until the event deadline. We fell deeply sorry for that.

Institutional Framework

Brazilian Independent Fiscal Institution was created in 3rd November last year, through the [Resolution 42](#), which was submitted to the Senate plenary. In 30th November, the executive director, Felipe Salto, chosen by the president of Senate, was designated. As our Resolution follow the guideline stablished in OBR model, there are three directors: Felipe Salto, already chosen, Gabriel Barros, previously indicated by Economic Affair Commission (CAE), and the last one that must be indicated by supervision and control commission (CMA). All directors candidate have to submit to public argument and be approval by the upper house.

The institutional framework also provide a Technical Advisory Committee (CAT), similar to the CBO model. There must be until 5 members, unpaid, named by executive director, who'll assist the team of analysts on different issues foreseen in work agenda and, particularly, support IFI to fulfill its institutional mission. Brazilian senior economists will probably form the composition of CAT as: Jose Roberto Afonso (one of the key economists who worked on FRL Law design), Edmar Bacha (one of the key economists who worked on Real Plan), Gustavo Loyola (former President of Central Bank), Yoshiaki Nakano (former special secretary for economic affairs of the Ministry of Finance and former secretary of finance of the state of São Paulo) and Bernad Appy (former secretary of economic policy of the Ministry of Finance).

Team

Currently, the team is composed by 3 analysts plus 2 directors (with Barros waiting for public argument). Two of three analysts came from Senate Consultancy (Daniel Couri and Josue Pellegrini) and, the last one, from de Planning Minister (Carlos Gasparini). The executive director, Felipe Salto, after working on private economic consultancy and have been teaching on FGV, was invited to advise the senator Jose Serra (former Minister of foreign affairs and health). Gabriel Barros, after working as a researcher at FGV, was invited to Eduardo Loyo (former director of Central Bank and chief economist at BTG Pactual) to lead fiscal accounts analysis.

Work Agenda and Reports

The agenda for this year is a work in progress and should contain analysis focus on (i) tax burden, (ii) subnational fiscal balance, (iii) the relation between Treasury and Central Bank, (iv) debt sustainability analysis (gross and net), consistent with primary results and potential fiscal reforms like the social security, (v) tax exemptions, (vi) elasticity of revenues to GDP, as well as how different compositions affects that relation, among others.

Our idea is have, basically, three tips of reports: (1) Monthly, called by Fiscal Monitoring Reports (RAF), (2) Special Studies and (3) Technical or Methodological Notes. We expect, sooner, translate all reports to English and Spanish (leastways). All reports that we make will be in our [homepage](#). Currently, we've produced three reports: two RAF's and one special study, which can be access – only in Portuguese, for now –, at this [link](#). We strongly recommend that you know our reports and, if possible, we will be grateful for your feedback.

Independency

The [Resolution 42](#) establish non-coincident mandate for the three directors, as well as fixed mandate of 4 years, non-renewable. At the beginning, in order to have non-coincident mandates, executive director will be 6 years in the position, 4 years for the director indicated by CAE and two years for the last one indicated by CMA. The members of the board of directors can only be discharged in case of resignation, final court judgment or disciplinary administrative proceeding, as well as by vote of censure approved by an absolute majority of the members of the Federal Senate.

We really trust that, sustaining high technical quality speeches and reports, without any bias, an important amount of difficulties related to guarantee full independency will be naturally solved. It's possible, previously, realize that congressman starts understanding that institutional mission of Brazilian IFI is quite different to lower and upper house consultancy's, or mixed budget committee (CMO), in a way that it can help to avoid initial difficulties.

Asymmetry Information

In order to minimize the asymmetry of information, the [Resolution 42](#) predict that IFI can request data and info's through board of directors of Senate to both, ministers and any other public agencies subordinated to the President. The refusal implies a crime of responsibility, if not served within thirty days.

Despite that relevant enforcement, our main strategy and guideline is establish a cooperation in a republican principle, with information's and data been exchanged in an informal and respectable relation. When the republican value orientation failure, the enforcement of the law must to be apply.

Special Thanks

Summing up, we'd like to thanks, one more time, for the kindness, efforts and patience by all OECD team, especially to Lisa. Please, let us know if you, ladies and gentleman, have something question or concern that we can help. It'll be our pleasure.

Sincerely yours,

Felipe Salto (Executive Director)

Gabriel Barros (Analyst), on behalf of Brazilian IFI team.

<http://www12.senado.leg.br/ifi>